Responsible AI:

Safeguarding Clients, Data, and Trust

in Financial Coaching

Using AI Responsibly
Workshop for Financial Coaches & Practitioners

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Deena Giesen, AFC ®

Introductions

Why This Matters Now

68%

of surveyed nonprofits report some generative AI use within their organization

Google for Non Profits AI Survey

30%

of surveyed nonprofit executives report having an AI tool approval process

NTEN and Bridgespan 2026 Report

$4.99M

global average cost of a data breach in IBM's study

IBM Cost of a Data Breach Report 2026

- AI adoption among financial counselors has tripled since 2022
- Regulatory bodies (HUD, CFPB) are developing AI oversight frameworks now
- Organizations operating without AI policy face compliance, liability, and reputational risk
- Client trust is your most valuable asset, and AI misuse can shatter it overnight

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The New Reality: AI Could Already Be in Your Office

STAFF USE CASES

- Drafting client emails and follow-ups
- Summarizing budget coaching sessions
- Researching loan programs and DPA funds
- Creating homebuyer education materials
- Answering eligibility questions

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What You'll Walk Away With Today

01 Understand the real AI risks facing financial coaching organizations

02 Practical steps coaches can take to use AI responsibly

03 Protect client confidentiality while still benefiting from AI tools

04 Leave with a clear 90-day implementation roadmap

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Section 1

Understanding the Risks

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Texas Responsible Artificial Intelligence Act (TRAIGA)

What every nonprofit should know:

01 WHO IS COVERED

Nonprofits aren't automatically exempt. Coverage depends on their activities and Texas connections.

02 PROHIBITED AI USES

Intentional unlawful discrimination, incitement to harm, and certain rights violations are prohibited.

03 DISCLOSURE & DATA

Specific government and health care AI disclosures apply. Biometric privacy rules also matter.

04 ACCOUNTABILITY

The Texas Attorney General can investigate violations and seek significant civil penalties.

IMPORTANT: The law does not impose universal AI audits or chatbot disclosure on all private nonprofits.

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The Four Primary AI Risk Areas

Core governance areas every financial coaching organization must address

PRIVACY

PII exposure, client data leakage, consent failures

ACCURACY

Wrong outputs, hallucinations, fabricated resources

COMPLIANCE

Regulatory, HUD, AFCPE and professional standards

SECURITY

Unauthorized access, vendor risks, incident response

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Case Study: When AI Gets It Wrong

Incorrect Eligibility Guidance

A counselor asked ChatGPT if a client qualified for a state DPA program. The AI confidently described a program that no longer exists — the client applied and was denied.

Fabricated Resources

An AI tool hallucinated a HUD-approved housing counseling agency contact number. The client called a disconnected line and lost trust in the organization.

Incorrect Calculations

A budget coach used AI to calculate a client's DTI ratio. The AI made an arithmetic error, leading to an overstated housing affordability estimate.

Discussion: Have you or your staff encountered similar situations? What was the impact?

AI Can Be Confidently Wrong

A hallucination is a convincing AI response that contains inaccurate or invented information.

Made-up facts

Details that sound right but aren't true.

Fake statistics

Numbers without a reliable source.

Invented quotes

Words a real person never said.

Phantom sources

Links, citations or programs that don't exist.

Wrong details

Incorrect names, dates, prices or math.

COACHING EXAMPLE • AI refers to an IDA program that your client is eligible for. A client acts on it. Turns out, the program is no longer active and hasn't been for years.

The 4-Step Fact-Check

Use this quick review before sharing AI-generated guidance with any client.

1

ASK FOR SOURCES

Request the original source for each important claim.

→

2

OPEN THE ORIGINAL

Check what the actual document or website says.

→

3

VERIFY DETAILS

Confirm program rules, dates, math, numbers and links.

→

4

HUMAN SIGN-OFF

A qualified staff member reviews and approves the final guidance.

A source link isn't proof. Open it, read it and confirm it supports the claim.

Financial Coaching AI Risk Matrix

Risk	Likelihood	Impact	Risk Level
Wrong calculation	High	High	Critical
Client data exposure	Medium	Critical	Critical
Eligibility errors	High	High	Critical
Hallucinated citations	Medium	High	High
Bias in recommendations	Medium	High	High
Unauthorized tool use	High	Medium	High

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Section 2

AI Governance Framework

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What would you do?

A nonprofit uses AI to screen financial-assistance applications. It saves staff 15 hours a week, but some applicants are being incorrectly flagged as ineligible.

Choose the best next step:

A Keep using it because it saves time.

B Stop using AI permanently.

C **Pause automated recommendations, investigate errors, and require human review.**

D Let the technology vendor decide.

FACILITATOR PROMPT • Who is accountable when AI makes a consequential mistake?

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THE SAFE FRAMEWORK

Your foundation for responsible AI use in financial coaching

S

Secure Client Data

Never input PII, SSNs, or sensitive financial data into unapproved AI tools

A

Always Verify

Every AI output must be checked by a human before sharing with clients

F

Follow Approved Use Cases

Only use AI for tasks explicitly listed on your organization's approved list

E

Exercise Professional Judgment

AI assists — you decide. Your expertise and ethics come first, always

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Section 3

Foundations for Responsible AI w/Coaches

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Privacy & Confidentiality Requirements

HUD IMPLICATIONS

- 9902 reporting requires accurate data — AI errors create compliance failures
- Client action plans must reflect verified, counselor-reviewed information
- AI-generated content must be reviewed before inclusion in HUD-auditable records
- Written consent required before using client info in any third-party tool

PII — NEVER ENTER INTO AI

- Full name + address combinations
- Social Security Numbers
- Bank account or credit card numbers
- Income and employment details
- Family composition data
- Immigration status
- Any data from 9902 or client files

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Data Classification Framework

PUBLIC	Website content, general education materials, published resources	✓ AI may be used freely
INTERNAL	Org policies, staff training materials, internal processes	✓ AI allowed with approved tools only
CONFIDENTIAL	Anonymized client scenarios, aggregated program data	⚠ AI allowed — no identifying details
RESTRICTED	Client PII, case files, SSNs, financial records, HUD data	✗ AI tools prohibited — human only

Six Habits That Protect Client Data

Protect trust before you prompt. Use only tools and workflows approved for the data involved.

01 USE APPROVED BUSINESS TOOLS

Check contracts, access controls and data handling before use.

02 LIMIT MODEL TRAINING

Review data controls and disable training where available and appropriate.

03 REQUIRE MFA

Secure accounts with multi-factor authentication.

04 DE-IDENTIFY FIRST

Remove identifiers and sensitive details. Check for re-identification risks.

05 CONFIRM AUTHORITY & CONSENT

Follow organizational policy, privacy notices and applicable consent rules.

06 KNOW THE RULES

Check HUD, financial privacy, state law and any applicable HIPAA obligations.

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Human Verification Policy

Every AI output that touches a client must pass this workflow before use:

1	2	3	4	5
AI Generates Output	**Staff Reviews for Accuracy**	**Cross-Reference Sources**	**Counselor Approves**	**Document the Review**
Draft text, calculation, resource list, etc.	Check facts, math, program details against verified sources	Verify against HUD.gov, state housing sites, official program docs	Licensed/certified professional makes final judgment call	Note AI was used and that output was verified in client file

⚠ **If a counselor cannot verify an AI output, discard it and find a primary source.**

Approved vs. Prohibited AI Uses

✓ APPROVED USES

- Drafting general education content (no PII)
- Generating workshop slide templates
- Creating anonymized budget examples
- Summarizing publicly available programs
- Brainstorming outreach messaging ideas
- Translating materials (with review)
- Preparing staff training scenarios

✗ PROHIBITED USES

- Entering client names, SSNs, income data
- AI-generated eligibility decisions
- Unreviewed AI budgets shared with clients
- Storing client files on AI platforms
- Using personal AI accounts for work tasks
- Replacing counselor judgment with AI output
- Submitting AI text to HUD without review

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Section 5

AFCPE & HUD Considerations

From AI risk to responsible practice

Five steps a nonprofit can take this month

1	**MAP**	List the AI tools staff and vendors use.
2	**PROTECT**	Keep sensitive client data out of unapproved tools.
3	**REVIEW**	Put a person in charge of consequential decisions.
4	**DOCUMENT**	Write simple AI-use rules and an incident process.
5	**TRAIN**	Teach verification, bias awareness, and escalation.

POLICY + PEOPLE + PROTECTION = RESPONSIBLE AI ADOPTION

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AFCPE Ethical Considerations

Professional Responsibility

AFCPE-certified coaches are responsible for all guidance given to clients, regardless of whether AI generated it. You cannot delegate ethical responsibility to a tool.

Competency

Using AI tools you don't understand well enough to evaluate their accuracy may constitute a breach of competency standards. Know the limitations of every tool you use.

Client-Centered Practice

Every AI use must serve the client's best interest. If an AI shortcut saves you time but creates risk for your client, the shortcut isn't worth it.

Documentation

AFCPE standards require accurate records. If AI was used in preparing client materials, document how it was used and confirm the output was reviewed and verified.

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HUD Housing Counseling Considerations

HUD-approved agencies have specific documentation and accuracy obligations that AI directly touches:

Client Records	AI-generated notes entered without review violate record accuracy requirements
Counseling Documentation	Session summaries must reflect actual counselor judgment, not unreviewed AI output
Action Plans	AI cannot determine goals. Counselor must confirm client-specific steps are appropriate
Budget Reviews	AI math errors in budgets may lead to flawed affordability assessments
Homeownership Education	AI-generated curriculum must be reviewed for accuracy before delivery to clients
Foreclosure Prevention Counseling	High-stakes guidance must never rely on unverified AI outputs. Errors have legal consequences

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High-Risk Housing Counseling Scenarios

These scenarios carry the highest risk when AI is used without proper safeguards:

Affordability Calculations	**High Risk**	AI rounding errors or incorrect income assumptions can lead clients to over-extend on mortgage commitments
DTI Analysis	**High Risk**	Debt-to-income ratios require precise data — AI may misclassify debt types or miss obligations
Credit Improvement Plans	**Med Risk**	Generic AI advice may not match the client's specific credit profile or lender requirements
DPA Eligibility Discussions	**High Risk**	Hallucinated or outdated DPA programs are one of the most common and damaging AI errors in this field

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Section 6

Implementation Roadmap

Your 90-Day AI Policy Roadmap

Phase 1
Days 1–21

Assessment

- Audit current AI tool use across all staff
- Identify data types being entered into AI tools
- Survey staff on AI knowledge and concerns
- Document findings for leadership review

Phase 2
Days 22–45

Policy

- Draft AI Acceptable Use Policy
- Create approved/prohibited tool list
- Develop data classification guide
- Have legal/leadership review and approve

Phase 3
Days 46–70

Training

- Deliver AI literacy training to all staff
- Walk through SAFE Framework
- Practice human verification workflow
- Distribute policy and get signed acknowledgments

Phase 4
Days 71–90

Monitoring

- Conduct first policy compliance check
- Review any AI incidents or near-misses
- Update tool list based on new products
- Set annual policy review on calendar

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Staff Training Program

Annual curriculum — required for all staff using AI tools:

Module 1	**AI Fundamentals**	How AI works, limitations, common myths	60 min
Module 2	**Data Privacy & PII**	Classification, prohibited inputs, real scenarios	45 min
Module 3	**The SAFE Framework**	Framework walkthrough, practice exercises	30 min
Module 4	**Approved Tools Training**	Hands-on use of each approved tool with guidance	45 min
Module 5	**Incident Response Drills**	Simulated breach and incorrect output scenarios	30 min

Be Transparent About AI

Clients should know when AI meaningfully shapes their experience or when disclosure is required.

CLIENT-FACING AI

A client is interacting with an AI assistant.

SYNTHETIC MEDIA

You use a voice clone, avatar or realistic AI-generated person.

MATERIAL AI INVOLVEMENT

AI meaningfully shapes client-facing content or decisions.

LEGAL / CONTRACT REQUIREMENT

The law, funding agreement, employer or platform calls for disclosure.

When in doubt, disclose. Explain what AI did, what a human checked, and who is accountable.

Sample AI Disclosure Language

Use language like this to maintain transparency with clients:

Verbal Disclosure (Session Opening)

"I may use AI tools to help me research information and prepare materials for our session. Any information I share with you has been reviewed by me personally to make sure it's accurate and applies to your situation."

Written Consent Form Language

"[Organization Name] may use AI-assisted tools to support counseling preparation and educational content development. No personally identifiable information is entered into these tools. All AI-generated content is reviewed and verified by a certified counselor before use."

Document Footer / Disclosure

"This document was prepared with the assistance of AI tools. Content has been reviewed and verified by [Counselor Name], [Certification]. This does not constitute legal or financial advice."

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Action Planning Exercise

Take 10 minutes to complete this individually, then share one commitment with the group:

1. Identify one AI tool and review its security settings to ensure appropriate safeguards are in place to protect sensitive information:

2. One type of client data I'll commit to never entering into an AI tool:

3. One action I'll take to ensure I'm using AI responsibly :

4. One person I'll share the SAFE Framework with this week:

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Questions & Resources

- **AI Governance Checklist**
  Downloadable — covers all 5 maturity levels
- **Approved AI Tool List Template**
  Editable policy document for your organization
- **Staff Training Slide Templates**
  Ready-to-use training deck for your team
- **Client Disclosure Templates**
  Verbal, written, and document footer versions

Connect With Us

Soul Rooted Consulting
AI Governance for Financial Coaches & Nonprofits

admin@soulrootedconsulting.com
www.soulrootedconsulting.com

Ask us about:
- AI Policy Development
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